

<i>Meeting</i>	OLC Board	
<i>Date of meeting</i>	January 2022	Item presented for information

<i>Title</i>	Horizon Scanning – January 2022	
<i>Sponsor</i>	Steve Pearson – Deputy Ombudsman	
<i>Status</i>	OFFICIAL	
<i>To be communicated to:</i>	Members and those in attendance	

Executive summary	
<p>The board are asked to note the contents of the Horizon Scan. The report highlights a move from ICAEW to introduce compulsory price transparency on firms that offer probate services. This move is another in line with the improving transparency agenda that is a priority within the legal services sector, and which supported by the LSB.</p> <p>The paper also notes an update on the Simplify Group Cyber Attack. The attack in November meant a significant number of customers details were breached and delays to property sales were impacted. CLC are working with Simplify to provide consistent messaging, but the upshot may be an increase in the number of complaints being brought to the Legal Ombudsman, as property sales are affected, and communication and delay issues evolve. Group litigation is also expected so this may impact on the number of complaints being brought as proceedings unfold.</p>	
Recommendation/action required	
Board is asked to NOTE the update and analysis provided.	

Impact categories

High – this issue has the potential to alter our day-to-day operations within the next year and may require a direct response.

Medium – this issue could necessitate policy development on an issue; it may affect the environment in which we operate and/or is likely to affect us directly within the next three years.

Low – this issue may have an effect on our stakeholders but is unlikely to require any action from us and/or the issue is unlikely to develop for five years or more.

Horizon Scan – January 2022

Overview

Likelihood score refers to how probable it is that we will be impacted. Demand is effect on complaint volumes.

Issue	Impact	This will affect...	Likelihood (1-5)	Demand
Simplify Group Cyber Attack	Medium	Number of complaints being brought to LeO	1	↑
ICAEW transparency	Low	Further support for transparency work in the legal sector	5	↔

Thematic issues and news

Simplify Group Cyber Attack

➤ *Medium to high impact*

Customers of the Conveyancing firm Simplify Group are planning to launch legal action after some had their property purchases stalled for more than a month following an extensive data breach. A law firm is working with the customers of the group with a view of bringing a compensation claim against Simplify.

Although initial worries were that the money customers had transferred to their solicitor had been stolen by hackers, the Council for Licensed Conveyancers, alongside the Simplify Group, have confirmed that customer funds are safe. Concerns remain around the safety of customers personal data as many identifying documents and bank details were given in order for property sales to progress.

Although group litigation is expected to take place, it is unclear what happened during the data breach and what data may have been stolen. Delays to sales and purchases may also result in sales falling through and therefore financial compensation and distress claims are to be expected.

An ongoing criminal investigation and group litigation may impact on the number of complaints being progressed to the Legal Ombudsman, however, an increase in complaints may still be seen as more information is exposed on the wider impact the data breach and subsequent firm responses have had on individual customers and their property transactions.

As part of its response, the CLC noted on 17 December that 'service complaints, including issues of delay, should be addressed first by the practice and referred to the Legal Ombudsman if the complainant is not satisfied. Simplify has increased their complaints handling resource to ensure that they remain compliant with the CLC's regulatory requirements'.

ICAEW transparency for probate work

➤ *Low impact*

The Institute of Chartered Accountants in England and Wales (ICAEW) is set to introduce compulsory price transparency on the accountancy firms that offer probate services. This brings ICAEW regulated firms in line with firms who offer probate services and are regulated by the Solicitors Regulation Authority and the Council for Licensed Conveyancers.

The ICAEW is the last legal regulator to adopt mandatory rules, having attempted unsuccessfully to achieve compliance among the 340 probate firms it regulates through voluntary guidance. Probate firms regulated by the ICAEW have until 1 February 2022 to comply with new rules requiring them to state fees and service details on their websites, along with information on complaints, insurance, and compensation.

There is a big drive within the legal services sector to improve the transparency of information available to consumers and this move represents further commitment amongst the sector to establishing consistent quality indicators.

Consultation responses and publications

LSB Business Plan consultation

The Legal Services Board (LSB) launched a consultation in December on its draft business plan and budget for 2022/23.

The draft business plan builds on the work the LSB is continuing to do to address the priority areas identified in the consumer-focused strategy, Reshaping Legal Services, while responding to emerging developments within the sector.

Proposed new workstreams include:

Financial protection arrangements (Professional Indemnity Insurance and compensation funds): this is about ensuring the balance is struck between protecting consumers and the associated costs of that protection.

Consumer redress: this work will focus on delivering the best possible redress system for consumers, including those who use unregulated legal services. The LSB will also review its 2016 rules and guidance on first-tier complaint handling to support good outcomes and align with best practice.

The rule of law and regulation: This work will look at understanding how regulation can best support the rule of law through mechanisms like education and training, ongoing competence, and the promotion of professional ethics. The LSB considers it important to ensure that the essential role legal professionals play in the functioning of society continues to be valued and promoted.

The proposed annual budget for 2022/23 is £4.287m. This would represent an increase of £189k (4.6%), on the LSB 2021/22 budget (£4.098m). This equates to an increase of 1.5%, plus inflation (3.1%),³ and would add £1 onto the practising certificate fees paid by authorised persons.

LSB Annual report on regulator performance

On 22 December 2021, the Legal Services Board published its annual report on the performance of the eight legal services regulatory bodies. The bodies are assessed against the same 27 outcomes across five standards: Regulatory Approach, Authorisation, Supervision, Enforcement, and Well-led: governance and leadership.

CILEx Regulation, the Costs Lawyer Standards Board, and the Solicitors Regulation Authority have met all the outcomes required across all the standards. The LSB's report notes the significant performance improvement from CLSB and how it has turned around its regulatory approach since 2019. However, across the other regulatory bodies, the LSB has identified more *not met* outcomes under the Regulatory Approach and Well-led standards than last year.

The LSB published performance reviews of the Bar Standards Board and the Faculty Office against the Well-led standard in July 2021 and September 2021, respectively. The oversight regulator expects to see significant improvement next year as the regulatory bodies implement

their action plans based on the LSB's findings. The LSB also expects the other regulators to take account of the findings of both reviews, particularly points raised about transparency, which will be an area of focus in 2022.

The LSB will be undertaking a review of their overall regulatory performance framework and expect to consult on proposals in March 2022. This review will conclude in the second part of 2022 to enable a revised regulatory performance framework to be implemented at the start of 2023.

The full report can be reviewed: <https://legalservicesboard.org.uk/wp-content/uploads/2022/01/LSB-2021-Regulatory-performance-report-22-December-2021-Final-version-for-PUBLICATION2.pdf>.

Appointments

Gerry Walsh- Interim Chief Executive Law Society

Gerry Walsh has been appointed as the Interim Chief Executive of the Law Society, following the departure of Paul Tennant at the end of December. Gerry started in post on 9 December 2021 and will lead the Law Society until a new permanent CEO is appointed.

Gerry is an experienced senior executive and consultant. He's a former interim CEO of the Chartered Institute of Procurement and Supply and has had a distinguished career in infrastructure, including a leading role in the delivery of the 2012 London Olympics.

Last year, he worked with the UK government to address the PPE crisis and latterly he has been working with Sazka, one of the four short-listed bidders for the UK National Lottery.